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Directory of Federal Regulatory Agencies— 1982 Update

by Ronald J. Penoyer

Center for the Study of American Business
Washington University · St. Louis

This booklet is one in a series designed to enhance the understanding of the private enterprise system and the key forces affecting it. The series provides a forum for considering vital current issues in public policy and for communicating these views to a wide audience in the business, government, and academic communities. Publications include papers and speeches, conference proceedings, and other research results of the Center for the Study of American Business.

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PREFACE

With this publication, the format of the Center's annual *Directory of Federal Regulatory Agencies* has been altered. The intent of this document is to present a concise and objective analysis of major regulatory actions that have been taken since January, 1981. Researchers, writers, business executives and policymakers who have come to depend on the *Directory* for the latest figures on regulatory agency budgets and staffing will not be disappointed, since the tables and charts contained in this report present this important data for the period 1970-1983.

The first section of this report, the Executive Summary, focuses on the current budgetary approach to regulatory reform and analyzes other reform issues. Budget and staffing trends are displayed here in two summary tables and charts. The second part of the report highlights in detail the major reforms inititated by the Reagan Administration and presents an analysis of omnibus reform proposals in Congress. The third section sets forth current regulatory developments (through mid-May, 1982) at the major federal agencies. In addition to reporting the budget and staffing projections for these agencies, some of the attitudinal and policy changes of the government's major regulatory bodies are examined. Full budget and staffing data for the 57 major agencies, as well as a chronological table for the establishment of these agencies, are presented in three tables in the Appendix.

Clifford M. Hardin
Director

Center for the Study of
American Business

PART ONE

Executive Summary

For more than a decade, the general trend in federal regulation of the private sector has been toward increased cost, size and power—a greater number of government agencies responsible for expanded regulatory controls over large segments of society. As these agencies have grown in number and scope, they have demanded increased taxpayer support and higher levels of staffing. Above all, greater federal regulation has incurred higher consumer costs, since private-sector compliance expenditures are typically passed along to the public in the form of higher prices for goods and services—a form of hidden tax. In 1969, there were 36 major regulatory agencies in the federal government, costing less than $850 million to operate and staffed by fewer than 28,000 people. By 1979, however, well over $5 billion of taxpayer revenues were spent to administer 57 regulatory agencies employing more than 88,000 people. Furthermore, by 1979 consumers were paying nearly $500 per person to cover the compliance costs of government controls.

In more than six years of studying federal regulation at the Center for the Study of American Business, no perfect measure of the size and cost of these activities has been found. We have discovered, however, that direct measurements of the budgets and staffing of the regulatory agencies provide a useful "barometer" of the regulatory "climate." While it is an imperfect measure, the cost and employment data in this report may be the best available means of gauging the full scope of federal regulation in the American economy.

This study shows that the uninterrupted expansion in outlays and staffing in the regulatory bureaucracy which characterized the decade of the 1970s came to a virtual standstill in 1981. Administration announcements indicate an intent to continue the rollback in fiscal 1983. Such developments are consistent with the Administration's goal, stated in its four-part plan for economic recovery, of bringing about regulatory relief to reduce government burdens on the private sector. In addition to presenting the budget and staffing figures for 1981 through 1983 in detail, this report will analyze major actions taken by the Administration, by Congress and by the agencies themselves.

The Budgetary Approach to Regulatory Reform

Though a variety of regulatory reform actions have been taken since January, 1981, the "bottom line" in Administration reform efforts appears to be the U.S. Budget. This purse strings weapon has been, to date, the most broadly based method for effecting change and reform within the regulatory bureaucracy. After increasing nearly 240 percent in real (constant-dollar) terms during the 1970s, outlays of the 57 major

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federal regulatory agencies experienced only 1 percent real growth in 1981 (see Figure 1). Moreover, constant dollar expenditures of these agencies are projected to *decline* by approximately one sixth from 1981 to 1983. If Congress does not give more generous treatment to regulatory budgets, 1981 will have been the peak year for regulatory outlays in both current and constant dollars—reaching a level of $6.6 billion in 1981 and declining to $6.3 billion by 1983 (see Table 1). In areas of social regulation—consumer programs, working conditions, the environment and energy—budgets are scheduled to decline by 15 percent in real terms during the next two years, and by slightly less than 5 percent in current dollars, from $5.6 billion to $5.3 billion. The purchasing power of expenditures in areas of traditional, economic regulation (e.g., industry-specific activities and finance and banking) will erode by 20 percent, as current expenditures decline 10 percent, from roughly $1.1 billion in 1981 to less than $1.0 billion in 1983.

The nascent overhaul of the government's regulatory establishment is further confirmed by a dramatic and substantial decline in staffing at the major agencies (see Table 2 and Figure 2). An actual reduction in personnel of 4 percent, overall, in 1981—from 90,500 positions in 1980 to 86,700—lends credibility to the Reagan Administration's plan to reduce regulatory staffing even more sharply by 1983. The cutback in social regulation between 1980 and 1983 is scheduled to be 17 percent, while a 10 percent reduction is projected in economic regulation. If these plans are implemented, there will be 15 percent fewer federal regulators in 1983 than there were when President Reagan was elected in 1980. (Detailed budget and staffing figures for the period 1970 through 1983 are presented in Tables 3 and 4 in the Appendix of this report.)

These major shifts in regulatory budgets and staffing are indications that one of the primary elements of the Reagan Administration's strategy for regulatory reform is to work within the bureaucracy itself to effect change. Thus far, the Administration appears to be less eager to pursue reforms through major legislative initiatives, as evidenced by its reluctance to make strong proposals for reform of the Clean Air and Clean Water Acts or to press for passage of omnibus regulatory reform bills in the Congress. Just how successful reliance on this purse strings approach to regulatory reform proves to be, only time will tell.

A significant question posed by this method (one for which there is currently no definitive answer) is, "Will the cuts in budgets and in staffing merely trim the fat in regulatory agencies—forcing regulators to rank activities according to their net benefits to society—or will the cuts remove some muscle needed to administer beneficial regulatory programs effectively?" Likewise, it is unclear whether smaller budgets at the federal level foreshadow a "regulatory new federalism" that will merely shift responsibilities and costs to the states. And finally, before declaring victory in the battle for regulatory reform we must remember that a short-term dip in regulatory outlays is a far cry from a long-term trend.

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Additional Administration Efforts

Although budgetary control of the government's regulatory bureaucracy has been the most visible (and perhaps the most palpable) means of effecting change, the current Administration has taken other major steps to reduce regulatory growth. The President has appointed agency heads and commission chairmen who are committed to reducing the scope of government intervention. These appointments, though in certain cases controversial, have engendered a less adversarial relationship between government and the private sector it regulates. Furthermore, shortly after taking office, the President issued Executive Order 12291 (discussed more fully in Part Two), which requires agencies to list alternatives—together with their benefits and costs—when publishing new regulations for public comment. These actions, combined with a 60-day freeze on the "midnight" regulations issued in the final weeks of the Carter Administration and the appointment of a cabinet-level Task Force on Regulatory Relief, created early expectations of a major change in federal regulatory activities.

Unfortunately, the Administration has not shown similar initiative in legislative regulatory reform. Perhaps the clearest instance of this lack of initiative centers around the Clean Air Act. Generally regarded as the most complex and costly of all environmental statutes, the Clean Air Act was due for reauthorization as of September 30, 1981. Certainly, there is ample opportunity to improve this legislation, particularly some of the law's unnecessarily burdensome and counterproductive provisions—for example, those associated with "prevention of significant deterioration" and "new source performance standards." Legislative suggestions by the Environmental Protection Agency (EPA) have been too vague and too uncertain to affect the committee's deliberations on the Act. At present, the Senate Environment and Public Works Committee has taken no final action in its review process, and the Clean Air Act remains in full force under temporary authorization.

It should also be noted, however, that the current Administration's efforts to reform federal regulation have been criticized for focusing on specialized "relief" actions rather than permanent and thoroughgoing "reforms." The set of "Actions to Help the U.S. Auto Industry," released in April, 1981, is an example of this *ad hoc* approach. This document outlined 34 regulatory changes (and one proposed legislative change) designed to assist that troubled sector. Surely, the auto industry will find some relief from these actions, and consumers may likewise benefit, but such changes do not constitute lasting reform.

Omnibus Reform Legislation

More recently, however, the prospects for wide-ranging regulatory reform—affecting the procedures of all regulatory agencies in the federal government—were improved with the passage of the Regulatory Reform Act (S. 1080) in the U.S. Senate. A controversial feature of S. 1080 is the legislative veto. Under the veto provision, Congress could turn down by a majority vote in both houses nearly all new regulations issued by

agencies, including the independent commissions. (Certain rules are exempted, such as those of the Defense Department and Internal Revenue Service.) Adopted in the Senate by a final vote of 94-0, this bill would, if enacted, constitute the first major overhaul of the Administrative Procedure Act of 1946, the statute that mandates specific methods for federal rulemaking. A similar bill pending in the House (H.R. 746), sponsored by 251 members, has not yet been acted upon. In essence, S. 1080 reflects the more broad-based public concern that regulatory agencies have frequently overregulated the business system.

The omnibus reform bill would also require a cost-benefit analysis (termed a "regulatory analysis") for major new regulations that cost $100 million or more to implement or that otherwise have a major impact. An agency would then be required to choose the least costly method of attaining its goal. Additionally, the bill would require the Office of Management and Budget (OMB), which currently reviews all new federal regulations, to give reasons for rejecting a regulation. It would also give the President certain powers to determine the appropriate content of regulatory analyses, and would impose constraints on the ability of the courts to defer to agency judgments during judicial review (the so-called Bumpers amendment).

Opponents of the measure have charged that it would immerse Congress in debates over regulatory details and subject members to strong, special-interest lobbying. Moreover, the Supreme Court is scheduled to rule on the constitutionality of the legislative veto power in two pending cases, and its ruling may void certain provisions of the proposed Senate bill. According to press reports, the White House has not supported S. 1080 on the grounds that it would cede additional authority to Congress.

Summary

The final word on the progress of regulatory reform is difficult, if not impossible, to deliver. Certainly, the President's Task Force on Regulatory Relief has made no claims to a "perfect record." As Marvin Kosters and Jeffrey Eisenach wrote in a recent article for *Regulation:*

> Part of the difficulty in judging what has been achieved stems from the very scope and diversity of regulation itself. Unless carefully chosen to exhibit a common theme, a set of particular regulatory initiatives is typically so heterogeneous that it suggests either a piecemeal and opportunistic approach to reform or a lack of coherent direction. Another part of the difficulty is that it is far easier to state reform objectives than it is to apply realistic criteria to actual regulatory developments.*

Dr. Murray L. Weidenbaum, chairman of the President's Council of Economic Advisers and one of the foremost architects of the Administra-

*"Is Regulatory Relief Enough?" *Regulation,* March/April, 1982, p. 20.

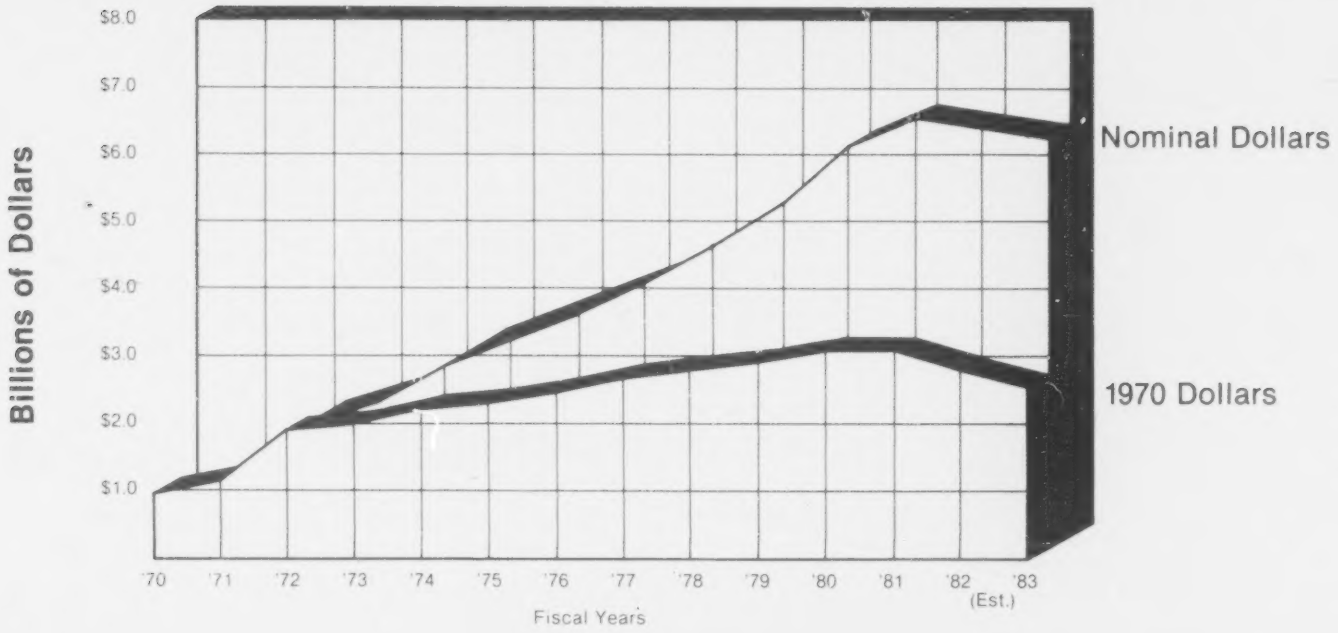
tion's regulatory relief program, suggests a slightly different perspective on progress in this area:

> There is a famous Sherlock Holmes story in which the decisive clue was the fact that the dog did not bark. Similarly, the most significant development on the regulatory front last year may be the event that did not happen. Not a single major new regulatory law was enacted during the year, nor was a major new regulatory program promulgated by a federal agency. It was the first year in several decades that the federal dog did not bark.**

Finally, to speak to the main point and the primary data of this report, increasing budgets for regulatory activities have proved, in the past, to be a useful indicator of the far greater costs to the private sector for compliance with federal regulations. Thus, if the declining figures for agency expenditures are, in fact, a "leading indicator" of a substantial slowdown in the unprecedented expansion of regulatory controls, then consumers may reap the benefits of budget cuts in the form of lower rates of increase in the prices of goods and services produced under those controls.

**Ibid.*, p. 22.

FIGURE 1
Total Budgets for Regulatory Agencies (1970-1983)



Source: Center for the Study of American Business

Note: Total budget figures are slightly underestimated, since outlays for regulatory activities of three agencies (the Small Business Administration, the Foreign Agricultural Service [USDA], and the Materials Transportation Bureau [DOT]) cannot be separately identified in the agencies' total budgets.

TABLE 1

Expenditures on Federal Regulatory Activities

(Fiscal Years, Millions of Dollars)

Area of Regulation	*1970*	*1979*	*% Change 1970 to 1979*	*1980*	*1981*	*(Estimated) 1982*	*1983*	*% Change 1980 to 1983*
Social Regulation								
Consumer Safety and Health[1]	$ 392	$2200	+ 461%	$2442	$2676	$2432	$2518	+ 3%
Job Safety and Other Working Conditions	62	642	+ 935%	734	775	755	787	+ 7%
Environment and Energy	85	1531	+ 1701%	1926	2122	2153	2019	+ 5%
Total Social Regulation	539	4373	+ 711%	5102	5573	5340	5324	+ 4%
Economic Regulation								
Finance and Banking	106	296	+ 179%	290	352	386	414	+ 43%
Industry-Specific Regulation	125	306	+ 145%	364	394	323	271	– 26%
General Business	96	271	+ 182%	309	325	365	281	– 9%
Total Economic Regulation	327	873	+ 167%	963	1071	1074	966	+ 0%
Grand Total	$ 866	$5246	+ 506%	$6065	$6644	$6414	$6290	+ 4%
Annual Nominal % Change				+ 16%	+ 10%	– 3%	– 2%	
Annual GNP Deflator		8.5%		9.8%	8.6%	7.2%	5.5%	
GNP Deflator Index[2]	100	180.0	+ 80%	197.6	214.6	230.1	242.8	+ 23%
Total in 1970 $	$ 866	$2914	+ 236%	$3069	$3096	$2787	$2591	– 16%
Annual Real % Change				5%	1%	– 10%	– 7%	

Note: [1]Outlays for 1977-80 were revised to exclude funds for strengthening agricultural markets. (See note a of Table 3.)
[2]GNP Deflator figures for years 1971-1977 are taken from *Statistical Abstract of the United States, 1978.* Figures for 1978-1983 are calculated by using the annual percentage change in the Deflator from the *Budget of the United States Government.*

Source: Center for the Study of American Business

TABLE 2

Staffing for Federal Regulatory Activities

(Fiscal Years, Permanent Full-Time Positions)

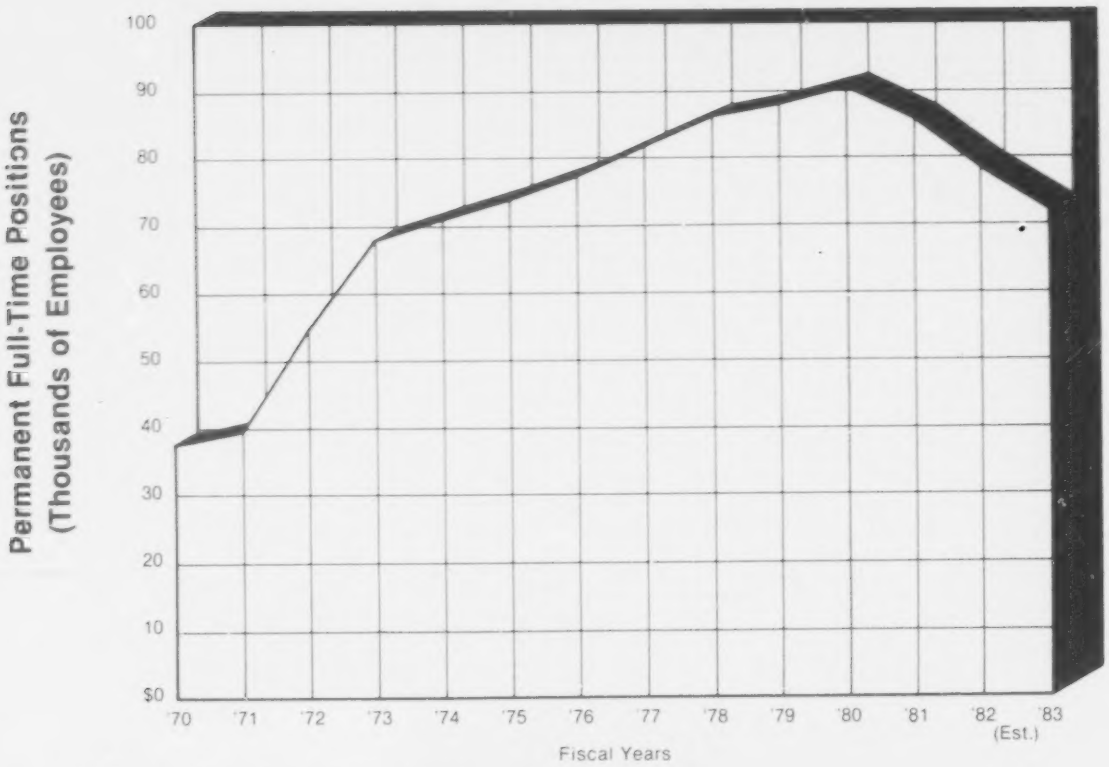
Area of Regulation	*1970*	*1979*	*% Change 1970 to 1979*	*1980*	*1981*	*(Estimated) 1982*	*1983*	*% Change 1980 to 1983*
Social Regulation								
Consumer Safety and Health	5786	33175	+ 481%	33599	32481	28606	28279	– 16%
Job Safety and Other Working Conditions	3921	14602	+ 272%	14952	14910	13522	13154	– 12%
Environment and Energy	n/a	16461	(1)	17838	16252	14963	13383	– 25%
Total Social Regulation	9707	64238	+ 562%	66389	63643	57091	54816	– 17%
Economic Regulation								
Finance and Banking	6203	9195	+ 48%	9305	8933	8939	8801	– 5%
Industry-Specific Regulation	5874	7525	+ 28%	7352	6953	6524	6108	– 17%
General Business	5877	7240	+ 23%	7449	7137	6744	6801	– 9%
Total Economic Regulation	17954	23960	+ 33%	24106	23023	22207	21710	– 10%
Grand Total	27661	88198	+ 219%	90495	86666	79298	76526	– 15%
Annual % Change				+ 3%	– 4%	– 9%	– 3%	

Note: (1) % change cannot be calculated since no staffing figures were available for 1970.

Source: Center for the Study of American Business

FIGURE 2

Staffing for Regulatory Agencies (1970-1983)



Source: Center for the Study of American Business

Note: Total staffing is underestimated, since employees for regulatory activities of 16 agencies cannot be separated from the agencies' total staffing figures. In other cases, staffing for regulatory activities of individual agencies in certain years is not available.

PART TWO

Initial Regulatory Actions of the Reagan Administration

Since January, 1981, the Reagan Administration has undertaken a variety of actions to alter the size and nature of federal regulatory activities. Some dramatic, initial measures, put in place in the first months of the Reagan Presidency and demonstrating the Administration's determination to institute reforms, are discussed in this section.

OMB Review

Signed by the President in February, 1981, Executive Order 12291 provides for centralized review of federal regulations to ensure that they are cost-effective and that their benefits outweigh their costs. The principal responsibility for review resides with the Office of Management and Budget (OMB), under the direction of the Presidential Task Force on Regulatory Relief. The basic criteria used in the review process are: 1) any regulatory initiative must be based on adequate information concerning the need for and consequences of the proposed action; 2) the potential benefits to society of implementing the regulatory action must outweigh the potential costs; and 3) among the alternative approaches to a regulatory objective, the course of action selected must maximize net benefits to society.

Under this order, agencies within the Executive Branch are required to submit all proposed and final rules to OMB prior to publication in the *Federal Register,* and each agency must adhere to the criteria stated above to the extent permissible by law. For each major rule (costing more than $100 million to implement), agencies must prepare a Regulatory Impact Analysis (RIA) to assist in judging whether the regulation is in accord with the basic criteria. These must be conducted both before publishing a proposed rule and after adopting a final rule.

The key provision of the Executive Order is its requirement for cost-benefit and cost-effectiveness analysis. Though cost-benefit analysis is not a "perfect" tool—especially in some cases where health or esthetic benefits are involved—it is nonetheless a highly valuable technique for allocating scarce resources (taxpayer dollars) to regulatory projects. It is not necessary to quantify the "value of a human life," for instance, to see that the mobile source emission standards mandated by the Clean Air Act Amendments of 1977 are too stringent—1979 costs were estimated at $8.1 billion, while health benefits are, for all intents and purposes, nonexistent.* While such analysis may not provide *the* answer, surely it does provide valuable information for the decision making process.

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*Council on Environmental Quality, *Environmental Quality 1980* (Washington, D.C.: Government Printing Office, 1980), p. 394, Table 10-1; Lester B. Lave and Eugene P. Seskin, *Air Pollution and Human Health* (Baltimore: Johns Hopkins University Press, 1977), p. 222.

60-Day Freeze on Regulations

In January of 1981, the President ordered that 172 regulations issued in the final weeks of the Carter Administration—so-called "midnight" regulations—be frozen for 60 days (the period after which they would take effect), pending review and further action. The rules included requirements for airbags or other "passive restraints" in autos, the labeling of industrial chemicals, and disposal of hazardous waste. The President's Task Force on Regulatory Relief stated that 100 of these frozen regulations were later made effective and, in all, 35 regulations were withdrawn. Rules that were later modified included those issued by the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Departments of Agriculture, Education, Energy, Labor, Interior, and Transportation.

Petroleum Decontrol

The first major regulatory decontrol measure taken by the Administration was the lifting in January, 1981, of all remaining price and allocation controls on domestic oil and on gasoline production and distribution. In addition to terminating federal rules governing the pricing of crude oil, gasoline, and propane, the Presidential action ended the entitlements program that subsidized small and independent refiners. It also abolished mandatory controls requiring the oil industry to allocate products according to historical regional consumption patterns during times of shortage.

This action ended petroleum regulation eight months ahead of the decontrol schedule begun by President Carter in June, 1979. To date, the lifting of these regulations has had the effect of promoting greater conservation of petroleum, decreasing oil imports, and helping to revive domestic production. For a brief period in early 1982, the prices of oil and gasoline actually declined, playing an important role in slowing the rate of inflation.

Task Force on Regulatory Relief

While the highly visible Task Force on Regulatory Relief formed by the President in January and chaired by Vice President Bush may not have had a major impact on regulatory momentum in 1981, it did serve to focus public attention on the issue of regulatory reform. The stated purpose of the Task Force is to: 1) review major regulatory proposals of Executive Branch agencies, especially those with major policy significance; 2) assess existing regulations issued by Executive Branch agencies, in particular those that are burdensome to the nation's economy or to key industrial sectors; 3) oversee legislative proposals in response to congressional timetables; and 4) to codify the President's views on the appropriate role and objectives of regulatory agencies. The Task Force also makes recommendations on regulatory personnel and serves as an unofficial "scorekeeper" on cost savings produced by specific reform initiatives.

The Task Force has stated that in 1981 the Office of Management and Budget had received nearly 2,800 new regulations for review. Approximately 2,375 of these were found consistent with the basic review criteria required in Executive Order 12291 (described earlier) and roughly 90 were withdrawn or returned to agencies. It has also stated that federal agencies proposed 43 major new regulations (with an impact of $100 million or more each) during 1981. Only three of these rules were found inconsistent with criteria. As another measure of its effectiveness, the Task Force has cited that the number of pages in the *Federal Register* decreased by one third during the first ten months of the Reagan Administration, compared with the same period in 1980, and the number of new rules published decreased by 25 percent. The savings from withdrawal or revision of new regulations has been estimated at $2.8 billion to $4.8 billion in capital costs and as much as $2 billion in annual recurring costs. Similar savings in the first half of 1982 have been estimated at $12.6 billion in capital costs and $7 billion in annual expenditures.

A variety of reform actions was announced by the Task Force in 1981. Some of the notable ones not covered in discussions of individual agencies in Part Three of this report are briefly noted below:

- The Labor Department proposed that only those government contractors with 250 or more employees and doing more than $1 million worth of business with the government be required to submit full affirmative-action hiring plans.
- The Environmental Protection Agency dropped a rule requiring local governments to comply with federal noise standards for garbage trucks, which would have cost about $25 million a year. The Administration argued that garbage truck noise is a prime example of a problem where no compelling reason exists for federal intervention and that local governments should have flexibility in shaping an individual response to the problem.
- The Department of Energy withdrew proposed energy efficiency standards for air conditioners, refrigerators, and other household appliances. The rules would have required complete redesign of virtually every appliance model by 1986 and would have increased appliance purchase prices by an estimated $500 million annually.
- The Environmental Protection Agency and the National Highway Traffic Safety Administration proposed to rescind or revise 34 regulations for automobiles, ranging from specification of bumper strength to exhaust emission standards and certification procedures. These measures, listed in "Actions to Help the U.S. Auto Industry," as well as a proposal to amend a requirement of the Clean Air Act mandating that all passenger cars meet 1984 emission standards at high altitudes, were estimated to save motorists $9.3 billion over five years. They were also estimated to release $1.3 billion within the industry that otherwise would

have been invested in federally mandated equipment and facilities.

Additionally, the Task Force requested (through the Department of Commerce) comments from industry on the most burdensome federal regulations currently in force. Over 3,000 itemized responses were received. The Task Force published a list of the so-called "Terrible 20" regulations in August of 1981. Five agencies were singled out as overseeing the most unpopular rules: The Environmental Protection Agency, the Departments of Labor, Energy, and Health and Human Services, and the Nuclear Regulatory Commission.

The Task Force said it issued the request for private-sector comments because the Administration lacks sufficient resources to identify all of the federal regulations that impose unnecessary burdens on the economy. It has stated that, although the Office of Management and Budget reviews new rules for cost-benefit and cost-effectiveness requirements, it does not employ enough people (i.e., fewer than 100 people) to review the thousands of existing regulations.

The final part of this report discusses in detail the major regulatory developments that have taken place since the Reagan Administration took office. The discussion is arranged by agency, within regulatory categories in the same order as they are presented in Tables 3 and 4 in the Appendix.

PART THREE

The Agencies: Changing Attitudes and Shrinking Budgets

Consumer Safety and Health

The regulatory area of Consumer Safety and Health has undergone a number of significant changes in the first year of the Reagan Administration. These changes affect the production and marketing of consumer products such as automobiles, foods and drugs and affect the structure of American business via federal antitrust activity. For the category as a whole, current-dollar budgets increased in 1981 by 9.6 percent over the 1980 figure (see Table 1), but they are projected to decrease by nearly 6 percent between 1981 and 1983, to a total of $2.5 billion. At these levels, this category of regulation will still remain the most heavily funded in the federal government. Staffing was reduced by over 1,000 positions in 1982, to less than 32,500 positions; it is expected to fall to less than 28,300 in 1983.

Consumer Product Safety Commission (CPSC)

This was the first regulatory body slated for legislative reauthorization under the Reagan Administration, and initial efforts to abolish the agency were not pursued by the White House. However, the regulatory powers of the CPSC were considerably altered by Congress, which directed the Commission to rely more heavily, when possible, on voluntary, industry-developed safety standards and to conduct forms of cost-benefit analysis in its standard-setting process. In addition, CPSC safety standards were made subject to a congressional veto.

In current dollars, the agency's budget outlays were reduced 6.8 percent in 1981, to $41 million from $44 million in 1980. (See Table 3 in the Appendix.) Budgets will decline still further to an estimated $32 million by 1983. Its staffing in this period will also be greatly affected, dropping by one third from roughly 870 positions to well under 600. (See Table 4 in the Appendix.)

In spite of these trends in budgets and staffing, the CPSC's powers to ban or recall products remain powerful weapons, as evidenced by the Commission's ban on the sale of urea formaldehyde in February, 1982. The action was based on research suggesting that this type of foam insulation, when installed improperly, can cause serious illness. The industry affected by the ban is small, but the resale value of roughly half a million homes may be affected, according to industry estimates.

In late 1981, following congressional action, the agency voted to accept less stringent standards governing safety features of power lawn mowers sold after June, 1982. The eased standards regarding automatic shut-off of cutting blades were written by Congress to hold down production costs. In another decision at the same time, the CPSC voted unanimously to allow the furniture industry to continue to develop and promote its

own voluntary standards to improve the flame resistance of upholstered furniture, provided certain performance goals are met.

Commission chairman Nancy Steorts has emphasized the importance of working with industry to promote consumer product safety in a cooperative rather than adversarial manner. She has also stated that alternatives other than mandatory standards for product regulation will be considered, that effective information and education programs will be stressed, and that "regulation by press release will be a thing of the past."

National Highway Traffic Safety Administration (NHTSA)

Budget and staffing levels for this agency rose by 19 percent in 1981 to $125 million; its staffing was reduced only modestly (by 77 positions). From 1981 to 1983, however, its budget is projected to drop by nearly one third and its staffing by nearly 14 percent.

In previous years, NHTSA has assumed a very "activist" if not antagonistic stance toward the auto industry. With the changing of the guard from Joan Claybrook to Raymond Peck, the agency has modified its approach somewhat. In October, 1981, NHTSA announced it was withdrawing its controversial regulation requiring passive restraints such as air bags or automatically enclosing seatbelts in passenger cars. The Department of Transportation had earlier delayed the effective date of this regulation by one model year. NHTSA made the decision on the basis of cost-effectiveness, arguing that automatic seatbelts could be easily disengaged and, thus, would add substantial costs while producing little or no benefit. A program to promote the public use of existing seatbelt devices in autos has been initiated by the Administration, stressing the responsibility of drivers and passengers.

In other decisions, the agency has suspended proposed regulations for the testing and labeling of car batteries and for tire pressure warnings on vehicles. NHTSA has also begun critical reviews of rules governing speedometers, odomoters, and bumper strength for low-speed crashes.

Food and Drug Administration (FDA)

Only minor reductions in the budgets and staffing of the Food and Drug Administration (Department of Health and Human Services) are projected through 1983. Current-dollar outlays, in fact, are expected to rise in 1983 to $362 million, an increase from $337 million in 1981. The FDA has recently announced an attempt to accelerate the approval process for new drugs by reducing review time by 25 percent over the next three years. The agency will give priority to major medical breakthroughs and will work on revising its drug evaluation rules.

In recent actions, the FDA has approved the use of certain heart drugs (calcium channel blockers, one of which has been prescribed in Europe for twenty years), and has dropped the proposed patient package insert program that would have increased the cost of prescriptions and, some feared, confuse consumers. The agency is also promoting requirements for the labeling of salt content in foods and the extension of drug patent

life to reflect the period of patent protection (often seven years or more) that companies lose due to clinical testing and FDA review. Meanwhile, a bill has been introduced in the U.S. Senate to substantially alter the 1958 Delaney Amendment to the Food and Drug Act governing the use of food additives. The Delaney Amendment has been criticized for its impractical, "zero risk" approach toward prohibiting trace amounts of suspected carcinogens in food additives.

Department of Agriculture (USDA)

In a related regulatory area, the food inspection procedures of various agencies in the USDA have been altered, particularly those applying to meat, with emphasis once again being placed on industry self-regulation. In fact, the biggest cuts in nominal dollars and staffing in the category of Consumer Safety and Health will occur in these inspection programs, such as those of the *Animal and Plant Health Inspection Service,* the *Food Safety and Inspection Service,* and others. The combined current-dollar budgets for four of the USDA units are scheduled to decline from a peak of $860 million in 1981 to $658 million in 1983. Staffing for these agencies reached its height in 1980, at 18,400 positions, and is projected to be reduced by roughly 15 percent by 1983, to 15,500 employees.

A reorganization within the Agriculture Department in 1981 led to the reestablishment of the *Packers and Stockyards Administration,* which regulates the marketing of livestock, meat and poultry. It had previously existed from 1967 to 1978.

Justice Department: Antitrust Division

Areas of consumer regulation designed to facilitate competitive practices have also undergone changes under the Reagan Administration. The most dramatic actions have been the landmark settlements by the Justice Department of antitrust suits against the American Telephone & Telegraph Co. (AT&T) and the International Business Machines Corp. (IBM) in January, 1982.

The first case ranks with the historic antitrust decision of 1911 that broke up the Standard Oil Co., in that it is certain to transform the shape of one of the nation's major industries. In their accord, the Justice Department and AT&T—the world's largest corporation, with net income in 1981 of $6.89 billion—agreed to a plan by which the company would be split into separate operating divisions. Of its total physical assets of $119 billion, AT&T would spin off $80 billion of them in its 22 Bell System companies that provide local phone service. AT&T itself would then consist of the Long Lines division (long-distance operations), Western Electric (its manufacturing subsidiary), and Bell Laboratories (its research arm). The company would also own all equipment presently in the hands of its customers.

This agreement on an antitrust suit filed in 1974 is designed to supercede a 1956 consent decree against the Bell System that confined AT&T to regulated phone service. A variety of complications have subsequently occurred, however, since Federal District Court Judge Harold

Green has refused to dismiss the original suit and has called for public comment. The *Federal Communications Commission* (FCC) is also continuing to advocate its own, previously formulated plans for splitting the Bell System into regulated and unregulated entities and has asked for changes in the Justice Department's settlement. In addition, the Reagan Administration has supported a Senate bill passed in October on a proposed breakup, but it has objected to a House bill that would impose further structural separation on Bell. At present, the full scope of any settlement is unclear because of confusing, and sometimes conflicting, procedural and jurisdictional tangles.

On the same day on which the AT&T settlement was reached, the Justice Department dropped its controversial case against IBM. The antitrust suit, filed on the last day of the Johnson Administration in 1969, charged the company with monopolizing the general-purpose computer market (and products for it) and proposed breaking up IBM into smaller companies. Assistant Attorney General for antitrust, William Baxter, stated that the suit was "without merit." The dismissal was not unexpected, since technological advances and increased competition in the data processing field had done much to make the IBM suit obsolete.

In combination, the IBM suit and the settlement of the AT&T case (regardless of its outcome) promise to accelerate the "communications revolution," both in America and worldwide.

In closely related developments, the *Antitrust Division* of the Justice Department announced in the latter part of 1981 that it would, in general, adopt a less stringent policy toward corporate mergers except in those cases where mergers would significantly reduce competition. The Attorney General stated that the relaxed posture would affect not only mergers between companies in different industries and between conglomerates, but also mergers of companies in the same industrial field. The Justice Department also announced that it would seek to restrict or eliminate provisions of the Foreign Corrupt Practices Act that prohibit "conduct by foreign intermediaries that is generally accepted in other countries." Outlays of the Antitrust Division are projected to remain relatively stable in the range of $50 million annually through 1983, with a slight reduction in staff.

Bureau of Alcohol, Tobacco and Firearms (BATF)

The Reagan Administration's plan to terminate the Bureau of Alcohol, Tobacco and Firearms within the Department of the Treasury, merging its regulatory activities into other agencies, has been delayed and is presently uncertain—due, at least in part, to a desire by the regulated parties to have a single, reliable set of federal controls rather than face the possibility of 50 state control points. Under the Administration's current plan, statutory firearms and explosives enforcement is scheduled to be carried out by the *Secret Service,* and other regulatory functions are to be handled by the *Customs Service* (both within Treasury).

Job Safety and Other Working Conditions

Regulatory activities governing workplace safety and health, equal employment opportunity, pension security, and other job-related issues affect nearly every firm of every size in the United States. Federal intervention in these areas—ranging from setting standards for workplace exposure to chemicals to regulating hiring practices—has been a perennial source of debate and controversy for more than a decade. Decisions made within the agencies and by Congress during the past year will have important effects on the future conduct of regulation in this area. In addition, projected budget cutbacks will have an impact, since the purchasing power of outlays in the category of Job Safety and Other Working Conditions is expected to fall by about one eighth between 1980 and 1983. Staffing in the same period will decline 12 percent, from nearly 15,000 positions in 1980 to less than 13,200 in 1983.

Occupational Safety and Health Administration (OSHA)

One of the two major agencies in this regulatory category, the Occupational Safety and Health Administration in the Department of Labor, is charged with regulating the workplaces of 40 million American workers. Current-dollar outlays for this agency between 1981 and 1983 will be essentially constant at approximately $200 million. Additionally, the amount and frequency of OSHA workplace inspections are projected to decline by 11 percent between 1981 and 1983, from over 57,000 to an estimated 50,700 inspections. This development is reflected in a decrease in OSHA staffing levels, which in 1983 will fall 22 percent below the 1980 figure (from just over 3,000 positions to 2,350).

These projections correspond with the Reagan Administration's desire to take a less adversarial approach to workplace safety and health, to redirect inspection and enforcement efforts toward firms with poor safety records, and to increase the role played by states in job safety enforcement. Additionally, in the 24 states that have safety and health programs of their own, many OSHA inspectors have been withdrawn and the states have been given responsibility, with some federal supervision.

Certain important changes at OSHA have been procedural and even attitudinal in nature. The agency's administrator, Thorne Auchter, has reduced OSHA's policing role by ordering inspectors to work with employers in a cooperative manner. Auchter has also exempted nearly three fourths of all manufacturing firms from routine inspections by targeting only the most hazardous ones, and has proposed restricting "surprise" workplace inspection only to those made in response to employee complaints. The agency has also proposed a year-long experimental program under which many companies may take over routine inspections either through labor-management committees (modeled after the so-called Bechtel plan used in a California nuclear power project) or

through "management initiatives" in firms where advanced safety and health systems are already in place.

With regard to specific occupational safety regulations and issues, an important Supreme Court ruling in June, 1981, held major implications not only for the enforcement of rules by OSHA but also for the Reagan Administration's intention to use cost-benefit analysis in regulatory decision making. In a case concerning cotton dust exposure in the textile industry, the court ruled that OSHA must protect workers from exposure to toxic substances "to the extent feasible," without regard to the balance between benefits and costs. The ruling hinged largely upon the exact wording of the Occupational Safety and Health Act of 1970, in which "feasibility" is the only limit set by Congress on OSHA rulemaking.

Arguments persist as to whether this decision materially affects the cost-benefit provisions of the President's Executive Order 12291 (discussed in Part Two). In the long run, it may have the effect of forcing the Administration to seek more legislative changes in existing laws. OSHA recently announced, however, that as a result of the court decision, it would apply cost-effectiveness analysis rather than cost-benefit analysis to occupational health standards. In all, the agency will consider four aspects for future standards: 1) demonstration of significant risk; 2) demonstration that the standard will actually protect workers; 3) the "economic feasibility" of a standard for an entire industry rather than for a single firm; and 4) the cost-effectiveness of the standard. The agency also announced that it is now seeking new health data that might warrant a reevaluation of the cotton dust exposure limit.

In other developments, OSHA has taken action in the following areas:

- Postponed a proposed uniform requirement that all containers of chemical products be labeled as to composition, hazards and human symptoms of exposure, protection measures, and emergency phone number. If it had been made final, the regulation was estimated to have cost between $643 million and $900 million initially and between $338 and $473 million annually thereafter. OSHA recently decided to publish, however, a modified, 100-page version of the rule (no cost estimates are currently available).
- Began reconsideration, on cost-effectiveness grounds, of a 1978 regulation designed to limit workplace exposure to lead.
- Withdrew numerous specific requirements for noise monitoring and hearing tests, favoring instead a "performance" approach to control of workplace noise levels.
- Proposed restricting a rule that gives workers access to a broad range of employer health and safety records.
- Began reworking major elements of the OSHA "cancer policy" for potential workplace carcinogens, many of which were invalidated by the Supreme Court ruling that overturned exposure limits for benzene.

Equal Employment Opportunity Commission (EEOC)

The second major regulatory agency in the category of working conditions is the Equal Employment Opportunity Commission, which regulates a broad range of practices intended to eliminate discrimination. Under the Reagan Adminstration, specific aspects of federal policy have come under scrutiny by both the EEOC and the Justice Department. The Administration itself has questioned affirmative action plans that prescribe hiring quotas and, in general, it has voiced concern over how assertive or "compulsive" the federal government should be in reaching goals mandated by several civil rights statutes. Changes contemplated at the EEOC include narrowing the scope of sexual harassment cases, discouraging age discrimination cases if they impose severe economic hardship on an employer, filing fewer class action suits, and ending the pursuit of cases involving equal pay for comparable work. Additionally, several measures have been initiated in Congress to oversee more closely the programs of the Office of Federal Contract Compliance Programs requiring federal contractors to have affirmative action programs, and to prohibit federal agencies from imposing regulations to enforce quotas related to sex or race for hiring, promotion, or school admission policies.

Budget reductions for the EEOC will bring its current-dollar outlays to $143 million in 1983, a 12 percent cut from the 1980 figure. A staffing reduction of 4.5 percent is projected over the same period. It is noteworthy, however, that in spite of a minor staff reduction in 1981 (12 positions), the agency resolved 25 percent more charges filed under Title VII of the Civil Rights Act in 1981 than it did in 1980 (61,785 versus 49,400).

Other Department of Labor Activities

In other areas of occupational regulation, the Administration has been strongly criticized for its proposed budget cuts for the *Mine Safety and Health Administration* (MSHA) in the Department of Labor. Table 3 of this report shows that between 1981 and 1983, the agency's outlays will fall by $19 million (12.5 percent). With regard to wage laws, the Labor Department announced that the Administration would support a bill in Congress adopting a lower minimum wage for youths, the so-called "subminimum" wage. The Department itself has also proposed changes in the Davis-Bacon Act, the law requiring contractors working on federal construction projects to pay "prevailing wages" in a given area. Congressional pressure for actual repeal of this law has been building, but no action has yet been taken. Finally, the Labor Department has proposed a set of changes in the Employee Retirement Income Security Act (ERISA), which regulates private pension plans, including steps to reduce the paperwork burden it imposes.

Environment and Energy

The Administration's actions and proposals in the areas of environment and energy quite possibly have generated the most debate and reaction by pro-regulatory groups. It was likely that any changes in direction in the environmental area would draw attention, not only because of opposing positions taken by environmental groups and industry organizations, but also because of continued public support for environmental issues. In recent years, moreover, the regulatory bureaucracy in this category has grown enormously, thus creating a significant force for perpetuating the status quo.

Environmental Protection Agency (EPA)

Since 1972, outlays for regulatory functions in Environment and Energy have been exceeded only by those in the category of Consumer Safety and Health. And the government's single largest regulatory agency, in terms of both budgets and scope of activities, is the Environmental Protection Agency, charged with enforcing the nation's complex and far-reaching environmental laws. EPA spending (excluding construction grants) rose 8 percent in 1981 but is scheduled to decline 5 percent by 1983—from $1.36 billion to $1.29 billion. Taking into account inflation projections, EPA outlays are estimated to drop by more than 16 percent from 1981 to 1983. Staffing reached its peak of 10,700 positions in 1980 and is slated to be reduced by one fourth, to slightly more than 8,000 employees by 1983.

The Administration's budget proposals for the EPA generated much criticism from some quarters during the period when the fiscal 1983 budget was being prepared. Some reports indicated that EPA outlays would be halved, but, as the data above and in Table 3 illustrate, this did not occur. The Carter Administration's projected EPA budget of $1.569 billion for 1982 was cut 12 percent, however. In a related development, the Reagan Administration indicated in early 1981 that it would seek to abolish the *Council on Environmental Quality* (CEQ), a Cabinet-level unit that advises the President on environmental issues and oversees federal compliance with the National Environmental Policy Act (NEPA). This, too, did not occur, though its outlays were reduced by half in 1981 to $3 million and are projected to fall to $1 million annually in 1982 and 1983. CEQ staffing has also been cut from 30 positions in 1980 to 15 in 1982 and 1983.

In general, the Administration and the leadership of the EPA, headed by Anne M. Gorsuch, have indicated that budget cuts and certain policy changes are necessary actions to "spread the pain" of overall budget cutting and, furthermore, that many EPA functions can be handled more efficiently by the states and by private markets. Administrator Gorsuch has suggested that the agency will be able to do a more efficient job of

carrying out environmental laws with fewer resources. She has also indicated that EPA will attempt to delegate more responsibilities to the states (in keeping with President Reagan's proposed new federalism).

Although these expectations may be valid, some actions that have been or will be taken at EPA have aroused the concern even of those who advocate regulatory reform. For example, real (constant-dollar) outlays for EPA research and development are scheduled to be cut in 1983 by more than one half compared to the 1981 funding level. Though nearly $128 million in current dollars will be saved by this move, the danger exists that if no new data is produced in a variety of areas, future standards may be promulgated based on incomplete or outdated research produced (and never replicated) as far back as the 1950s. About 90 percent of the planned budget cuts will come from energy, water and air quality research. Thus, it is conceivable that expenditure reductions at EPA could lead to regulations and standards that do not take into account risk and benefit as thoroughly as would be possible with better scientific data.

The EPA has also experienced a number of internal difficulties in the past year, including personnel and morale problems and a delay in presenting reform proposals for the Clean Air Act (discussed in Part One). According to press reports, the "policing" activity at EPA has decreased: fewer than 50 charges of environmental law violations were referred to the Justice Department is the first nine months of 1981, comstated, in this regard, that the EPA is seeking to have polluters engage in voluntary clean-up rather than pursue costly legal action and that the agency's goal is to see environmental results rather than to produce a large volume of legal actions. In addition, enforcement policies are being reviewed intensively.

Other actions taken by the EPA have included the following:

- Elimination of the EPA Office of Enforcement. Agency divisions are now responsible for law enforcement, after actions are cleared through the Administrator's office.
- Wider application of the "bubble concept" for air pollution sources—allowing trade-offs among emission sources at the same facility.
- Proposed amendments to the Clean Water Act that would, in general, change certain parts of the law to reduce direct federal enforcement of water-discharge permits and make it easier for companies to receive waivers from clean water standards. EPA has also proposed regulations for development of innovative technologies for wastewater treatment
- Proposed revisions in regulations governing the disposal of toxic liquids. (For a brief period the EPA actually lifted its ban on storage of metal containers at chemical waste treatment facilities but reimposed the ban after a great deal of media and environmental-group criticism.)

- Proposed imposition of a construction ban, as mandated under the Clean Air Act, in metropolitan areas of 11 states that have not met the deadline for smog control programs (i.e., annual inspection of auto emissions).

In other environmental areas, the Department of Interior has proposed or made various changes in the leasing of certain federal lands for drilling and mining. The Department has also begun to examine possible changes in the Endangered Species Act of 1973, administered by the *Fish and Wildlife Service.* The law is due for reauthorization in 1982.

Department of Energy (DOE)

One of the major events affecting the budget and staffing projections for the Energy and Environment category is the planned abolition of the Department of Energy and the transfer of certain of its energy regulatory functions to other parts of government, primarily the Departments of Commerce and Justice. The Administration's plan calls for the following: 1) placing responsibility for enforcement actions initiated against major oil companies in the Justice Department; 2) placing in the Commerce Department the duties of energy policy formulation, data collection, emergency preparedness, energy research and development, and the nuclear weapons programs; 3) giving the Agriculture Department the remaining elements of the alcohol fuels subsidy programs; 4) making the *Federal Energy Regulatory Commission* (FERC), presently an autonomous unit within DOE, fully independent; and 5) absorbing into the Interior Department responsibility for the strategic and naval oil reserves, the power marketing administrations, and leasing programs.

In past years, the primary regulatory unit within the Energy Department has been the *Economic Regulatory Administration* (ERA), which formerly issued directives affecting the supply, pricing and distribution of crude oil, natural gas liquids, and petroleum products, and also managed coal conversion programs that force industry to switch from the use of petroleum as fuel. When the President lifted all remaining price and allocation regulations for oil (discussed in Part One), the functions of this agency were greatly diminished.* In 1980, ERA had expenditures of $132 million (current dollars) and a staff totaling more than 2,000; in 1981, however, its budget remained constant but staffing was reduced by 36 percent, to less than 1,400 positions. By 1983, under the plan described, the corresponding regulatory outlays estimated for the Department of Commerce under "Emergency Preparedness and Energy Regulation" and for the Department of Justice under "Petroleum Regulation Activities" will amount to $35 million combined, with a total staff of 468.

The plan to dismantle DOE, however, is meeting a great deal of resistance in Congress for a variety of reasons. These include a concern

*In March, 1982, President Reagan announced that he would not send Congress a bill this year that would accelerate the decontrol of natural gas price restraints. This is the only fuel still subject to federal price controls.

that the abolition would send the wrong "signal," both domestically and abroad, about energy conservation; a contention that the budget savings from such a move would be minimal; and objections to the virtual phasing out of development of renewable energy sources (active and passive solar, biomass, wind, hydropower, geothermal, and ocean thermal energy conversion). Objections have also been raised concerning placing the $5 billion nuclear weapons production program in a semi-autonomous agency (the Energy Research and Technology Administration) within the Commerce Department. It is noteworthy that market forces, namely rising oil prices, have in many instances made DOE programs superfluous—a factor more pertinent to terminating the agency than any philosophical opposition to government controls.

Nuclear Regulatory Commission (NRC)

Budget data for the Commission reflect the continuing public concern over the safety of nuclear energy and the Reagan Administration's desire to promote it as a future energy source. In current dollars, the NRC's outlays increased by 10 percent in 1981 and are scheduled to increase another 8 percent between 1981 and 1983, from $417 million to $451 million. While some programs within NRC will experience marked budget cuts, inspection and enforcement will receive a current-dollar budget increase of over 32 percent between 1981 and 1983. NRC staffing in 1983 will be increased nearly 9 percent over the 1981 level (3,300 versus 3,030), partly due to a "resident inspector program" designed to accommodate the 18 new reactors that are expected to be operational in that year.

As a means of helping to revive the nuclear power industry, which is troubled by both safety problems and current economic conditions, President Reagan outlined in October, 1981, the following policy changes: 1) the lifting of a ban imposed in 1977 against reprocessing spent reactor fuel to extract plutonium; 2) accelerating the regulatory and licensing process for new nuclear plants so they can be planned and built in six to eight years rather than the current 10 to 14; 3) proceeding with the Clinch River Breeder Reactor, which will use reactor technology designed to produce more fuel than it consumes; 4) studying the feasibility of obtaining plutonium through competitive procurement instead of relying solely on federally owned facilities; and 5) installing facilities for the permanent disposal of radioactive commercial waste.

Finance and Banking

The regulatory category of Finance and Banking is the only category, as a whole, to enjoy an increase in real (constant-dollar) budgets for the period 1980-1983. In current dollars, outlays for the agencies grouped under this title will rise more than 40 percent, from $290 million in 1980 to $414 million in 1983. Staffing, meanwhile, will undergo a modest decline of about 5 percent, falling from roughly 9,300 positions to 8,800.

Depository Institutions Deregulatory and Monetary Control Act

Possibly the most noteworthy development in federal control over finance and banking in recent years was the passage of the Depository Institutions Deregulatory and Monetary Control Act of 1980. The law was designed to promote competition among banking institutions while also increasing the powers of the Federal Reserve System. Most of the act's provision are "deregulatory"—such as phasing out interest ceilings (Regulation Q) and expanding the services that can be offered by thrift institutions—but other aspects tighten the regulatory reins, such as the universal bank reserve requirements enforced by the Federal Reserve.

Of course, interest rate restrictions on deposits are still very much in force. Coupled with uncertainty about future inflation rates, these controls have served to redirect large amounts of money into forms of high-yielding financial instruments not offered by regular banks and thrifts. Investment in money market mutual funds, for instance, totaled $185 billion at the end of 1981. Meanwhile, losses at traditional depository institutions have been rising. Savings and loans (S&Ls) have been hit particularly hard, incurring collective losses in 1981 estimated somewhere in the neighborhood of $5 billion.

Legislative Proposals Affecting Financial Institutions

A number of regulatory solutions to the problems facing banks and S&Ls have been offered. One of the most prominent is a bill (S.1720) proposed by Senator Jake Garn, paralleling some of the suggestions made by the *Federal Home Loan Bank Board* (FHLBB), to do the following:

1) allow S&Ls to expand their commercial lending activities, offer corporate demand deposits and mutual funds, and invest in corporate debt issues;

2) allow banks to underwrite municipal bonds and offer mutual funds;

3) expand regulatory powers to promote interstate and inter-industry mergers and acquisitions of failing banks and thrifts;

4) allow the preemption of all remaining state usury laws.

The Treasury Department has proposed similar legislation that would give thrifts and banks even wider powers, but would do so under tight government supervision. The Garn bill has been stalled in Congress during 1982, due in part to reservations by the banking industry regarding certain provisions of the bill.

A related regulatory problem currently receiving attention concerns the "financial supermarket" phenomenon by which a number of large commercial firms have begun to offer a wide range of personal financial services by linking themselves with brokerage houses (and other entities). The issue at stake for banking institutions is whether the Glass-Steagall

Act of 1933, which bans commercial banks from engaging in nearly all the activities of the securities business, should be repealed or overhauled. Several large banks have announced plans, pending regulatory approval, to expand the services they offer by acquiring brokerage firms.

Industry-Specific Regulation

The most extensive type of regulatory reform, deregulation, has been applied most vigorously in the Industry-Specific category, which includes those agencies that perform traditional, economic regulatory functions. These efforts have stressed the benefits to the consumer of free-market competition in transportation and communications, in contrast to the ostensible "orderliness" offered by government controls. Regulatory reform in this category has proceeded under the Reagan Administration, although specific actions have provoked criticism. Large cutbacks in budgets and staffing for most of the agencies have been slated through 1983, with total outlays dropping by 31 percent—from $394 million in 1981 to $271 million in 1983—and total personnel falling by 12 percent, from nearly 7,000 positions to a little more than 6,000.

Interstate Commerce Commission (ICC)

The ICC has begun to deregulate transportation under two statutes passed in 1980. The Motor Carrier Act eased restrictions on entry, routes and rate-setting for the nation's trucking industry. The Staggers Rail Act eased similar controls over the railroad industry by changing restrictions governing operating practices and rate making, allowing a range of rates above a specified base. The effect of these regulatory reforms are at least partly reflected in the agency's budget, which is projected to fall by more than 27 percent between 1980 and 1983, from $77 million to $56 million. Staffing in the same period is estimated to drop by nearly the same amount.

Nonetheless, the Commission has been criticized from various quarters, including the Joint Economic Committee of Congress, for not proceeding fast enough with deregulation, especially in the trucking industry. In particular, the ICC's new chairman, Reese Taylor, has been criticized for following a strict, if not narrow, interpretation of many provisions of the Motor Carrier Act of 1980. During 1980 and part of 1981, new trucking firms were allowed to enter the market with relative ease. The new chairman, however, views the reform law as calling for diligent consideration of two, long-standing entry tests—"need" for the trucking service in a given area and ability, or "fitness," of a firm to provide that service. He has also advocated positions on rate-setting (or shipping tariffs) that some critics have viewed as anti-competitive. In any event, the Motor Carrier Act has been called "a model of obfuscation," reflecting the disagreement that existed in the House and Senate at the time the Act was passed over the extent of trucking deregulation desirable.

In other actions, the ICC dropped a 30-year old policy of protecting competing railroads from the rate-setting and marketing strategies of merged railroads, putting an end to formulas that distributed business to smaller rail lines. The Commission also issued new regulations that promote competitive pricing and service options in the moving industry, and has proposed legislation that would substantially lessen federal controls over the intercity bus industry, including stipulations for freedom of entry and rate making.

Civil Aeronautics Board (CAB)

The leading example of deregulation of an industry is, of course, the phased removal of controls in the airline industry. Under the Airline Deregulation Act of 1978, the Civil Aeronautics Board is scheduled to be abolished by January, 1985. While the statute allows great freedom and competition in establishing both air fares and routes, its effects on the industry and the consumer have been difficult to separate from the impacts of energy prices, economic recession, and the service limitations caused by the air traffic controllers' strike. In March, 1981, the Reagan Administration proposed legislation that would terminate the CAB more than two years ahead of schedule, but this proposal has not been acted upon. The Administration has also scheduled very large budget cuts for the agency, reducing outlays by nearly half between 1981 and 1983, from $147 million to $77 million. Staffing will drop by more than 34 percent in the same period.

Federal Communications Commission (FCC)

Other industry-specific agencies have taken a variety of important actions in the past year or more. The Federal Communications Commission, which regulates numerous types of broadcasting and communications, approved final rules that allow for establishing low-power television stations (broadcasting over a radius of 10-20 miles). An estimated 4,000 new stations may be created by this policy over the next three years. In a major development, the FCC supported a Senate bill (S. 898) that would require the American Telephone and Telegraph Co. to divest itself of its 22 regional operations and would permit the company to expand into the areas of data processing and information delivery, from which it has been prohibited to compete for the last 25 years. This particular legislation may be redundant, however, due to the Justice Department's settlement of an antitrust suit against AT&T (see earlier discussion under Consumer Safety). Other proposed or final actions by the FCC in regulatory areas are:

- Proposed easing or ending the "fairness doctrine" and the equal time provisions that compel stations to offer opposing sides of controversial issues.
- Dropped plans to shorten AM band radio station spacing. The move would have created 400 to 1,400 new stations.

- Eased certain cable TV restrictions on both programming and distant-signal pick-up, and proposed removing cable TV ownership restrictions.
- Postponed requiring that all new telephone equipment be sold or leased to customers on an unregulated basis.
- Increased competition in the overseas transmission of telephone calls and information, affecting several large international carriers.

General Business Regulation

Regulatory changes of some importance have been brewing in the category of General Business regulation for at least the past two years, the most notable of which concerns the ability of Congress to wield veto power over agency rules. Overall, outlays in this category will decline by one seventh between 1981 and 1983, from $325 million to $281 million, and staffing will decline by only a modest 5 percent during this period.

Federal Trade Commission (FTC)

One of the most closely observed regulatory agencies has been the Federal Trade Commission, which is charged with preventing "unfair methods of competition and unfair or deceptive acts or practices" in the marketplace. This wide-ranging mandate has been the source of considerable controversy, including accusations that the agency has abused its independent status by overreaching its statutory powers. In 1980, Congress enacted the Federal Trade Commission Improvements Act, which allows the lawmakers to pass a legislative veto, within a 90-day period, on any rules issued by the Commission. The President's approval is not required for this action.

The present FTC chairman, James C. Miller III, who formerly was executive director of the President's Task Force on Regulatory Relief, has stated his intention to change the direction of the agency in a variety of regulatory areas and to press for further legislative curbs on its actions. He has said that the FTC's efforts to improve product quality have been ill-advised, that companies should not be forced to substantiate advertising claims, and that the agency's antitrust and consumer protection cases should be limited to those likely to provide the largest economic dividends for consumers. Regarding the last of these areas, priority will be given to litigating cases concerning price-fixing and mergers among competitors, rather than conglomerate mergers of noncompeting companies. The FTC has already suspended its controversial "line of business" reporting requirements. Congress will have the opportunity to make further changes in the powers of the FTC in 1982, since the agency is due for reauthorization on September 30.

Comparative restraint has been exercised at the Commission under Miller. Since October, 1981, the number of cases brought by the agency (particularly in consumer protection) have decreased. In April, 1982, the commissioners voted to close four of its ten regional offices, largely as a result of budget cuts. In 1981, FTC outlays totaled $70 million; in 1982 and 1983 they are estimated to be $68 million and $61 million, respectively, for a three-year reduction of 13 percent. Staffing in the same period will drop by 22 percent. Moreover, the fiscal 1982 Budget eliminates the "public intervenor program" under which public interest groups received grants to research consumer issues.

In specific actions, the FTC has done the following: 1) dismissed a 10-year old case against the three largest U.S. cereal manufacturers which charged that they operated a "shared monopoly"; 2) dismissed charges that General Foods used unfair practices and tried to monopolize the U.S. coffee market; and 3) halted rule-making proceedings begun in 1978 on whether advertising on television programs for children (so-called "kidvid") is unfair or deceptive. A significant issue affecting the FTC was decided in Congress this year, when both houses rejected a modified rule requiring used car dealers to disclose known defects in the cars they sell. The veto by Congress of this proposed FTC regulation may set a precedent for congressional review of all independent regulatory agency rules.

Securities and Exchange Commission (SEC)

The SEC fought to restore substantial cuts in its outlays scheduled through 1983, stating that its statutory mandate to regulate securities markets would be impaired. As a result, the agency's budgets are projected to increase nearly 8 percent, from $78 million in 1981 to $82 million in 1982 and $84 million in 1983. Staffing, however, will decrease by slightly more than that percentage over the three years. Under the new chairman, John Shad, the SEC has adopted a sweeping package of revised disclosure rules to simplify the filing of securities information by corporations. The Commission also reduced the minimum net capital requirement that Wall Street firms must meet, thereby freeing an estimated $500 million in capital to expand the activities of brokerage and investment houses. In addition, the SEC has endorsed a comprehensive proposal (completed in 1978) to overhaul and codify the nation's seven, highly complex securities laws, but this proposal has made no progress in Congress to date.

Patent and Trademark Office (PTO)

Finally, the Administration has outlined plans to correct problems in the operations of the Patent and Trademark Office in the Commerce Department. The plans include a reexamination procedure for ruling on contested patents and support for legislation establishing a coherent federal patent policy that applies to federal agencies (and their contractors) in order to stimulate commercial use of inventions. The PTO's

budget through 1983 will undergo an apparently drastic reduction—from $120 million in 1982, to $65 million in 1983—only because it will be receiving a large share of its future revenues from higher user fees charged to the public. PTO staffing will actually rise by 11 percent from 1981 to 1983. The agency's commissioner has announced goals for improving the agency's operations, which have been heavily overburdened. These include reducing the "pending" period of patent applications to 18 months by 1987, completing the first action on a trademark application within three months by 1985, automating PTO operations by the 1990s, and improving the quality of examiners' opinions. More than 200,000 patent applications are currently backlogged, and inventors now wait an average of two years to receive patents for their work.

In other areas of General Business regulation, President Reagan abolished the *Council on Wage and Price Stability* (COWPS) on January 29, 1981, as one of his first actions in office. The agency was created in 1974 to study and encourage wage and price restraint, monitor inflation in the economy, encourage productivity, and review the inflationary impact of government programs and regulations. The Administration stated that the COWPS program of wage and price standards proved ineffective in halting inflation, was an unnecessary burden on labor and industry, and wasted taxpayer dollars.

APPENDIX

A Note on the Text and Data

Budget figures shown for the 57 major regulatory agencies contained in Table 3 (and condensed in Table 1) consist of outlays, not appropriations, for fiscal years. The expenditures, rounded to the nearest million, include outlays from supplemental appropriations and trust funds where they occur. Total budget figures are slightly underestimated, since regulatory outlays for three agencies—the Small Business Administration, the Foreign Agricultural Service (USDA), and the Materials Transportation Bureau (DOT)—cannot be separately identified in those agencies' total budgets.

All staffing figures shown in Tables 2 and 4 consist of permanent full-time positions budgeted to individual agencies and are exact totals. Total staffing is underestimated, since the number of employees assigned to regulatory activities in 14 agencies cannot be separated from those agencies' total staffing figures. In other cases, regulatory staffing in certain years for certain agencies is not available (n/a).

Budget and staffing data are compiled from the annual *Budget of the United States Government* and its Appendix. Information for the regulatory chronology in Table 5 is compiled from the annual *United States Government Manual* and other official sources.

Agencies that exclusively perform taxation, subsidy, and credit functions are excluded from consideration, although some people may consider them regulatory in nature. The Internal Revenue Service, the Commodity Credit Corporation, and the Federal Housing Administration are good examples of these organizations. Agencies that administer defense contracts and procurement procedures are likewise excluded.

TABLE 3

Expenditures by Federal Regulatory Agencies

(Fiscal Years, Millions of Dollars)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	(Estimated) 1983
SOCIAL REGULATION														
Consumer Safety And Health														
Consumer Product Safety Commission	—	—	—	*	$ 19	$ 34	$ 38	$ 40	$ 40	$ 39	$ 44	$ 41	$ 34	$ 32
Department of Agriculture:														
Agricultural Marketing Service	$131	$156	$142	$ 40	$ 31	$ 36	$ 36	$ 38	$ 29	$ 31	$ 40	$ 44	$ 57	$ 52
Agricultural Stabilization and Conservation Service	66	68	71	71	65	68	64	69	99	104	108	104	46	34
Animal and Plant Health Inspection Service	—	—	267	308	314	343	375	336	201	240	263	306	283	237
Federal Grain Inspection Service	—	—	—	—	—	—	—	9	11	18	26	29	7	5
Food Safety and Inspection Service [a]	—	—	—	—	—	—	—	96	308	312	360	377	310	321
Packers and Stockyards Administration	—	—	—	—	—	—	—	—	—	—	—	—	9	9
Subtotal	$197	$224	$480	$419	$410	$447	$475	$548	$648	$705	$797	$860	$712	$658
Department of Health and Human Services:														
Food and Drug Administration	68	85	105	143	165	201	218	245	276	300	326	337	334	362
Department of Housing and Urban Development:														
Consumer Protection Programs [b]	—	—	—	—	—	—	—	—	17	20	13	5	7	7
Department of Justice:														
Antitrust Division	$ 9	$ 11	$ 12	$ 13	$ 14	$ 18	$ 22	$ 26	$ 36	$ 53	$ 49	$ 49	$ 43	$ 46
Drug Enforcement Administration	n/a	n/a	n/a	9	8	12	9	9	9	13	13	13	16	17
Subtotal	$ 9	$ 11	$ 12	$ 22	$ 22	$ 30	$ 31	$ 35	$ 45	$ 66	$ 62	$ 62	$ 59	$ 63

TABLE 3 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	(Estimated) 1983
Consumer Safety and Health (cont.)														
Department of Transportation:														
Coast Guard	$ 57	$ 58	$ 66	$ 76	$210	$162	$192	$261	$325	$367	$444	$571	$555	$615
Federal Aviation Administration	n/a	133	159	171	172	178	197	202	209	230	252	269	247	307
Federal Highway Administration	n/a	n/a	n/a	n/a	n/a	36	40	41	38	31	36	31	31	28
Federal Railroad Administration	4	5	5	7	7	9	15	17	18	25	28	29	27	29
National Highway Traffic Safety Administration	32	45	72	77	77	75	62	82	89	114	105	125	88	87
Subtotal	$ 93	$241	$302	$331	$466	$460	$506	$603	$679	$767	$865	$1025	$948	$1066
Department of the Treasury:														
Bureau of Alcohol, Tobacco and Firearms[c]	n/a	n/a	n/a	$ 70	$ 79	$ 95	$103	$117	$128	$131	$146	$147	$60	—
Customs Service	20	26	42	67	82	71	82	129	139	157	171	181	198	216
Secret Service	—	—	—	—	—	—	—	—	—	—	—	—	63	97
Subtotal	$ 20	$ 26	$ 42	$137	$161	$166	$185	$246	$267	$288	$317	$328	$321	$313
National Transportation Safety Board	5	6	7	7	8	9	11	13	16	15	18	18	17	17
Total—Consumer Safety and Health	$392	$593	$948	$1059	$1251	$1347	$1464	$1730	$1988	$2200	$2442	$2676	$2432	$2518
Job Safety and Other Working Conditions														
Department of Labor:														
Employment Standards Administration	n/a	$ 31	$ 34	$ 34	$ 56	$ 72	$ 84	$ 60	$ 68	$107	$114	$116	$102	$113
Labor-Management Services Administration	12	17	21	24	24	27	37	47	49	53	52	56	56	60
Mine Safety and Health Administration	n/a	n/a	n/a	52	59	68	84	98	109	131	142	152	141	133
Occupational Safety and Health Administration	—	—	—	37	69	90	109	127	147	155	178	195	192	202
Subtotal	$ 12	$ 48	$ 55	$147	$208	$257	$314	$332	$373	$446	$486	$519	$491	$508
Equal Employment Opportunity Commission	12	16	21	28	42	56	59	72	74	92	131	134	143	142
National Labor Relations Board	38	40	47	48	55	61	68	81	90	97	109	114	114	131

TABLE 3 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	1983
Job Safety and Other Working Conditions (cont.)														
Occupational Safety and Health Review Commission	—	*	1	4	5	5	6	7	7	7	8	8	7	6
Total—Job Safety and Other Working Conditions	$ 62	$104	$124	$227	$310	$379	$447	$492	$544	$642	$734	$775	$755	$787
Environment and Energy														
Council on Environmental Quality	n/a	1	2	2	2	3	3	4	1	4	6	3	1	1
Department of Commerce:														
Energy Programs[d]	—	—	—	—	33	6	40	49	79	82	132	62	46	14
Department of Defense:														
Army Corps of Engineers	2	4	8	7	10	16	22	32	38	43	41	42	47	46
Department of Interior:														
Fish and Wildlife Service	n/a	n/a	$ 1	$ 4	$ 5	$ 6	$ 9	$ 13	$ 17	$ 21	$ 20	$ 22	$ 19	$ 17
Office of Surface Mining Reclamation and Enforcement	—	—	—	—	—	—	—	—	5	48	85	131	137	146
Subtotal	n/a	n/a	$ 1	$ 4	$ 5	$ 6	$ 9	$ 13	$ 22	$ 69	$105	$153	$156	$163
Department of Justice[d]														
Petroleum Regulatory Activities	—	—	—	—	—	—	—	—	—	—	—	69	46	21
Environmental Protection Agency	71	125	455	527	629	850	772	718	885	1024	1259	1360	1384	1294
Nuclear Regulatory Commission	12	16	27	45	80	86	180	231	271	309	378	417	447	451
Office of the Federal Inspector for the Alaska Natural Gas Transportation System	—	—	—	—	—	—	—	—	—	*	5	16	26	29
Total—Environment and Energy	$ 85	$146	$493	$585	$759	$967	$1026	$1047	$1296	$1531	$1926	$2122	$2153	$2019
TOTAL SOCIAL REGULATION	539	843	1565	1871	2320	2693	2937	3269	3828	4373	5102	5573	5340	5324

TABLE 3 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	(Estimated) 1983
ECONOMIC REGULATION														
Finance And Banking														
Department of the Treasury:														
Comptroller of the Currency	$ 32	$ 37	$ 39	$ 43	$ 50	$ 65	$ 77	$ 83	$ 91	$ 97	$113	$121	$133	$138
Farm Credit Administration	4	4	5	6	6	6	7	8	9	10	12	13	16	18
Federal Deposit Insurance Corporation	39	46	50	52	58	66	74	88	105	115	116	124	138	151
Federal Home Loan Bank Board	21	24	27	27	30	33	36	41	45	47	20	60	62	68
Federal Reserve System Board of Governors	3	4	4	5	5	6	7	8	9	11	12	13	14	14
National Credit Union Administration	7	8	9	9	9	10	10	12	14	16	17	21	23	25
Total—Finance and Banking	$106	$123	$134	$142	$158	$186	$211	$240	$273	$296	$290	$352	$386	$414
Industry-Specific Regulation														
Civil Aeronautics Board	$ 48	$ 67	$ 76	$ 86	$ 89	$ 81	$ 91	$103	$101	$ 99	$117	$147	$113	$ 77
Commodity Futures Trading Commission	—	—	—	—	—	1	11	13	14	15	16	18	20	23
Federal Communications Commission	24	27	28	22	38	48	52	56	64	70	76	81	76	74
Federal Energy Regulatory Commission	18	19	21	22	27	34	36	41	38	50	67	70	78	31
Federal Maritime Commission	4	5	5	5	6	7	8	8	9	10	11	12	11	10
Interstate Commerce Commission	27	28	31	44	38	44	47	59	65	55	77	66	25	56
Renegotiation Board[e]	4	5	5	5	5	5	6	6	6	7	—	—	—	—
Total—Industry-Specific Regulation	$125	$151	$166	$140	$203	$220	$251	$286	$297	$306	$364	$394	$323	$271
General Business														
Cost Accounting Standards Board[f]	n/a	*	$ 1	$ 1	$ 1	$ 1	$ 1	$ 2	$ 2	$ 1	$ 1	*	—	—
Council on Wage and Price Stability[g]	—	—	—	—	—	—	1	2	2	3	9	6	*	—
Department of Commerce:														
International Trade Administration	—	—	$ 2	$ 2	$ 3	$ 4	$ 2	$ 7	$ 7	$ 18	$ 26	$ 30	$ 64	$ 37
Patent and Trademark Office	49	55	60	65	73	71	84	87	92	97	103	112	120	65
Subtotal	$ 49	$ 55	$ 62	$ 67	$ 76	$ 75	$ 86	$ 94	$ 99	$115	$129	$142	$184	$102

TABLE 3 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982 (Estimated)	1983 (Estimated)
General Business (cont.)														
Federal Election Commission	—	—	—	—	—	*	4	7	7	7	10	9	8	9
Federal Trade Commission	20	22	25	27	32	39	44	52	59	63	68	70	68	61
International Trade Commission	4	4	5	6	7	8	10	11	12	12	14	16	19	20
Library of Congress:														
Copyright Office	1	1	1	2	2	2	2	3	3	4	4	4	4	5
Securities and Exchange Commission	22	23	26	30	35	44	51	54	61	66	74	78	82	84
Total—General Business	$ 96	$105	$120	$133	$153	$169	$199	$225	$245	$271	$309	$325	$365	$281
TOTAL ECONOMIC REGULATION	327	379	420	415	514	575	661	751	815	873	963	1071	1074	966
GRAND TOTAL	$866	$1222	$1985	$2286	$2834	$3268	$3598	$4020	$4643	$5246	$6065	$6644	$6414	$6290

* = less than $500,000
– = agency was not operational
n/a = not available

Source: Center for the Study of American Business

Notes:

(a) Formerly Food Safety and Quality Service, prior to Oct. 1, 1981. Budgets for 1977-80 for this agency have been revised to exclude "Funds for Strengthening Markets, Income and Supply (Sec. 32)."

(b) Budgets for 1978-81 are for the Office of Neighborhoods, Voluntary Associations, and Consumer Protection, since abolished.

(c) Scheduled to be abolished after March 30, 1982, with activities transferred to Customs Service and Secret Service.

(d) Activities of the Economic Regulatory Administration in the Department of Energy (scheduled to be abolished) are proposed to be transferred to the Department of Commerce.

(e) Renegotiation Board abolished in 1979.

(f) CASB abolished in 1980.

(g) COWPS abolished in 1981.

TABLE 4

Staffing of Federal Regulatory Agencies

(Fiscal Years, Permanent Full-Time Positions)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	(Estimated) 1983
SOCIAL REGULATION														
Consumer Safety and Health														
Consumer Product Safety Commission	—	—	—	586	836	890	896	889	900	881	871	812	631	577
Department of Agriculture:														
Animal and Plant Health Inspection Service	—	—	14811	14969	14929	14613	14765	4958	4302	4298	4398	4610	4591	4523
Federal Grain Inspection Service	—	—	—	—	—	—	—	170	715	830	821	659	148	148
Food Safety and Inspection Service[a]	—	—	—	—	—	—	—	12377	11888	12266	13213	12411	10841	10700
Packers and Stockyards Administration	—	—	—	—	—	—	—	—	—	—	—	—	233	216
Subtotal	—	—	14811	14969	14929	14613	14765	17505	16905	17394	18432	17680	15813	15587
Department of Health and Human Services:														
Food and Drug Administration	4152	4360	5431	6751	6116	6206	6362	7340	7483	7656	7419	7521	7142	7169
Department of Justice:														
Antitrust Division	595	610	630	629	629	712	856	907	920	977	939	939	829	789
Department of Transportation:														
Federal Highway Administration	n/a	n/a	n/a	n/a	n/a	229	234	234	241	267	29	271	271	271
Federal Railroad Administration	246	244	272	272	369	369	412	376	400	474	484	431	421	445
National Highway Traffic Safety Administration	518	717	841	841	881	881	881	918	909	874	874	797	686	686
Subtotal	764	961	1113	1113	1250	1479	1527	1528	1550	1615	1650	1499	1378	1402

TABLE 4 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	1983
Consumer Safety and Health (cont.)														
Department of the Treasury:														
Bureau of Alcohol, Tobacco and Firearms[1]	—	—	—	4181	4015	4123	4401	4376	4140	4297	3900	3671	2454	—
Customs Service	—	—	—	—	—	—	—	—	—	—	—	—	—	719
Secret Service	—	—	—	—	—	—	—	—	—	—	—	—	—	1731
Subtotal	—	—	—	4181	4015	4123	4401	4376	4140	4297	3900	3671	2454	2450
National Transportation Safety Board	275	281	289	289	291	310	386	385	367	355	388	359	359	305
Total—Consumer Safety and Health	5786	6212	22274	28518	28066	28333	29193	32930	32265	33175	33599	32481	28606	28279
Job Safety and Other Working Conditions														
Department of Labor														
Labor-Management Services Administration	860	1118	1081	1084	1003	1353	1491	1522	1399	1325	1325	1308	1042	1192
Mine Safety and Health Administration[b]	—	—	—	2493	2810	2940	3149	3470	3798	3703	3857	3808	3471	2996
Occupational Safety and Health Administration	—	—	—	1699	1830	2471	2494	2717	2674	2855	3015	3009	2354	2354
Subtotal	860	1118	1081	5276	5643	6764	7134	7709	7871	7883	8197	8125	6867	6542
Equal Employment Opportunity Commission	780	910	1325	1909	2416	2384	2584	2487	2837	3627	3433	3412	3316	3278
National Labor Relations Board	2281	2239	2573	2573	2573	2573	2670	2901	2849	2921	3157	3213	3213	3213
Occupational Safety and Health Review Commission	—	10	121	188	188	172	175	181	171	171	165	160	126	121
Total—Job Safety and Other Working Conditions	3921	4337	5100	9946	10820	11893	12563	13278	13728	14602	14952	14910	13522	13154
Environment and Energy														
Council on Environmental Quality	n/a	54	57	56	50	50	44	40	32	32	32	16	15	15
Department of Defense:														
Army Corps of Engineers	n/a	186	233	282	480	613	684	757	820	800	800	800	750	700

[1]Staffing distributed to Customs Service and Secret Service beginning in 1982.

TABLE 4 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	(Estimated) 1982	1983
Environment and Energy (cont.)														
Department of Commerce:														
Energy Programs[c]	—	—	—	—	n/a	n/a	n/a	n/a	1829	1957	2161	429	159	135
Department of Interior:														
Office of Surface Mining Reclamation and Enforcement	—	—	—	—	—	—	—	—	800	1022	1025	1036	737	638
Department of Justice														
Petroleum Regulatory Activities	—	—	—	—	—	—	—	—	—	—	—	954	544	333
Environmental Protection Agency	n/a	n/a	7992	8492	9203	9203	9297	9550	10156	10153	10678	9799	9243	8054
Nuclear Regulatory Commission[d]	n/a	n/a	n/a	n/a	1538	2006	2289	2499	2666	2472	3041	3029	3325	3303
Office of the Federal Inspector for the Alaska Natural Gas Transportation System	—	—	—	—	—	—	—	—	—	25	101	189	190	205
Total—Environment and Energy	n/a	240	8282	8830	11271	11872	12314	12846	16303	16461	17838	16252	14963	13383
TOTAL—SOCIAL REGULATION	9707	10789	35656	47294	50157	52098	54070	59054	62296	64238	66389	63643	57091	54816
ECONOMIC REGULATION														
Finance and Banking														
Department of the Treasury:														
Comptroller of the Currency	1920	2081	2226	2466	2499	2546	3075	2907	3069	3258	3331	3071	3071	2925
Farm Credit Administration	225	229	222	225	229	229	238	253	230	254	245	267	284	287
Federal Deposit Insurance Corporation	2669	2952	2897	3019	3005	3164	3600	4162	4426	3641	3691	3554	3521	3550
Federal Home Loan Bank Board	933	883	833	816	816	904	826	826	1447	1396	1388	1440	1463	1465
National Credit Union Administration	456	486	514	480	497	570	594	588	608	646	650	601	600	574
Total—Finance and Banking	6203	6631	6692	7006	7046	7413	8333	8736	9780	9195	9305	8933	8939	8801
Industry-Specific Regulation														
Civil Aeronautics Board	685	690	701	703	718	718	758	787	804	811	743	650	505	427
Commodity Futures Trading Commission	—	—	—	—	—	496	497	470	530	530	550	550	550	550
Federal Communications Commission	1637	1647	1693	1801	2021	2020	2129	2159	2068	2088	2153	2004	1862	1602

TABLE 4 (continued)

Agency	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982 (Estimated)	1983 (Estimated)
Industry-Specific Regulation (cont.)														
Federal Energy Regulatory Commission	1162	1182	1171	1263	1300	1320	1398	1333[2]	1268	1589	1605	1607	1648	1789
Federal Maritime Commission	250	288	285	292	309	319	319	319	331	321	361	306	306	290
Interstate Commerce Commission	1907	1725	1725	1865	2035	2142	2237	2205	2068	1983	1940	1836	1653	1450
Renegotiation Board[e]	233	239	223	188	200	200	200	200	198	203	—	—	—	—
Total—Industry-Specific Regulation	5874	5771	5798	6112	6583	7215	7538	7473	7267	7525	7352	6953	6524	6108
General Business														
Cost Accounting Standards Board[f]	n/a	32	38	41	41	42	42	37	35	30	28	—	—	—
Council on Wage and Price Stability[g]	—	—	—	—	—	41	44	44	40	233	233	115	—	—
Department of Commerce:														
Patent and Trademark Office	2795	2807	2836	2999	2993	3014	3014	2932	2937	2700	2734	2834	2864	3151
Federal Election Commission	—	—	—	—	—	62	160	197	215	242	251	235	202	212
Federal Trade Commission	1385	1385	1390	1530	1560	1569	1638	1668	1650	1665	1665	1587	1380	1235
International Trade Commission[h]	265	280	285	322	398	408	426	395	368	361	438	438	433	438
Securities and Exchange Commission	1432	1410	1658	1656	1919	2144	2054	2117	2009	2009	2100	1928	1860	1765
Total—General Business	5877	5914	6207	6548	6911	7280	7378	7390	7254	7240	7449	7137	6744	6801
TOTAL ECONOMIC REGULATION	17954	18316	18697	19666	20540	21908	23249	23599	24301	23960	24106	23023	22207	21710
GRAND TOTAL	27661	29105	54353	66960	70697	74006	77319	82653	86597	88198	90495	86666	79298	76526

[2]Estimated by averaging 1976 and 1978 staffing.

* = less than $500,000
— = agency was not operational
n/a = not available

Source: Center for the Study of American Business

Notes:

(a) 1977-80 figures are for the Food Safety and Quality Service.
(b) 1973-77 figures are for the Mining Enforcement and Safety Administration.
(c) 1974-81 figures are for the Economic Regulatory Administration (DOE).
(d) 1974 figure is for the Atomic Energy Commission.
(e) Abolished in 1979.
(f) Abolished in 1980.
(g) Abolished in 1981.
(h) 1970-74 figures are for the Tariff Commission.

TABLE 5

Chronology of Major Regulatory Agencies

1836 Patent and Trademark Office
Department of Commerce
Patent Act of 1836 (5 Stat. 117)

1863 Comptroller of the Currency
Department of the Treasury
National Currency Act of February 25, 1863 (12 Stat. 665)

1870 Copyright Office
Library of Congress
Copyright Act of July 8, 1870 (16 Stat. 212-217)

1887 Interstate Commerce Commission
Interstate Commerce Act of 1887 (24 Stat. 379, 383)

1899 Army Corps of Engineers
Department of Defense
[Regulatory duties from this date; established 1824]
First applicable statute:
River and Harbor Act of 1899 (30 Stat. 1151)
Sections 9, 10, and 13

1903 Antitrust Division
Department of Justice
First applicable statute:
Sherman Antitrust Act of 1890 (26 Stat. 209)

1913 Federal Reserve System (Board of Governors)
Federal Reserve Act of 1913 (38 Stat. 251)

1914 Federal Trade Commission
Federal Trade Commission Act of 1914 (38 Stat. 717)

1915 Coast Guard
[Department of Transportation as of 1966]
Coast Guard Act of January 28, 1915 (38 Stat. 801)

1916 Tariff Commission
[Became International Trade Commission in 1975]
United States Tariff Commission Act of 1916 (39 Stat. 795)

1920 Federal Power Commission
[Became Federal Energy Regulatory Commission in 1975]
First applicable statute:
Federal Water Power Act of 1920 (41 Stat. 1063)

1922 Commodity Exchange Authority
Department of Agriculture
[Became Commodity Futures Trading Commission in 1974]
Commodity Exchange Act of 1922 (42 Stat. 998)

Note: Table includes enabling legislation for an agency or parent agency, or the primary statute(s) carried out by an agency.

1927 Bureau of Customs
Department of the Treasury
[Became Customs Service in 1973]
Customs Bureau Act of March 3, 1927 (44 Stat. 1381)

1931 Food and Drug Administration
[Within Department of Health and Human Services as of 1979; functions existed since . anuary 1, 1907]
Food and Drug Act of 1906 (34 Stat. 768)
Agriculture Appropriation Act of 1931 (46 Stat. 392)

1932 Federal Home Loan Bank Board
Federal Home Loan Bank Act of 1932 (47 Stat. 725)

1933 Farm Credit Administration
[Functions existed since 1918]
Executive Order No. 6048 of March 27, 1933
Existing applicable statutes:
Act of August 6, 1953 (67 Stat. 390)
Farm Credit Act of 1971 (85 Stat. 583), as amended

1933 Federal Deposit Insurance Corporation
Federal Reserve Act of 1933 (48 Stat. 162)

1934 Federal Communications Commission
[Predecessor for certain functions was the Federal Radio Commission, established in 1927]
Communications Act of 1934 (48 Stat. 1064)

1934 Securities and Exchange Commission
Securities Act of 1933 (48 Stat. 74)
Securities Exchange Act of 1934 (48 Stat. 881)

1935 National Labor Relations Board
National Labor Relations Act of 1935 [Wagner Act] (49 Stat. 449), as amended

1936 Maritime Administration
Department of Commerce
[Regulatory functions were transferred to the Federal Maritime Commission in 1961]
Applicable statutes:
Shipping Act of 1916 (49 Stat. 728)
Merchant Marine Acts of 1920, 1928, 1936, and 1941

1937 Agricultural programs for market orders, inspections, and related functions (Agricultural Marketing Service and other agencies)
Department of Agriculture
First primary, applicable statute:
Agricultural Marketing Agreement Act of 1937 (50 Stat. 247)

Functions currently reside in the following agencies:

1972 Agricultural Marketing Service
Many applicable statutes

1972 Animal and Plant Health Inspection Service (APHIS)
Many applicable statutes

Certain functions of APHIS were transferred in 1977 to:

1977 Food Safety and Quality Service
[Name changed in 1981 to Food Safety and Inspection Service]
Many applicable statutes

1938 Civil Aeronautics Authority
[Became Civil Aeronautics Board in 1940]
Civil Aeronautics Act of 1938 (52 Stat. 973)

1940 Fish and Wildlife Service
Department of the Interior
[First established as Bureau of Fisheries in 1871]
Reorganization Plan No. 3 of 1940 (54 Stat. 1232)
Primary applicable statute:
Endangered Species Act of 1973 (87 Stat. 844)

1946 Atomic Energy Commission
[Functions transferred to Nuclear Regulatory Commission in 1975]
Atomic Energy Act of 1946 (60 Stat. 755)
Energy Reorganization Act of 1974 (88 Stat. 1242)

1951 Renegotiation Board
[Abolished in 1979]
Renegotiation Act of 1951 (65 Stat. 7)

1953 Foreign Agricultural Service
Department of Agriculture
First applicable statute:
Perishable Agricultural Commodities Act of 1930 (46 Stat. 497)

1953 Small Business Administration
Small Business Act of 1953 (67 Stat. 230)

1958 Federal Aviation Agency
[Became Federal Aviation Administration in 1967, *Department of Transportation*]
Federal Aviation Act of 1958 (72 Stat. 731)

1961 Agricultural Stabilization and Conservation Service
Department of Agriculture
Reorganization Plan No. 2 of 1953, revised statutes, and prior reorganization plans

1963 Labor-Management Services Administration
Department of Labor
Applicable statute:
Labor-Management Reporting and Disclosure Act of 1959 [Landrum-Griffin Act] (73 Stat. 520)

1964 Equal Employment Opportunity Commission
Civil Rights Act of 1964 (78 Stat. 241), Title VII, as amended

1966 Federal Highway Administration
Department of Transportation
Highway Safety Act of 1966 (80 Stat. 731), as amended
Department of Transportation Act of 1966 (80 Stat. 932)

1966 National Transportation Safety Board
[*Department of Transportation;* reestablished as an independent agency in 1974]
Department of Transportation Act of 1966 (80 Stat. 932)
As independent agency:
Independent Safety Board Act of 1974 [Transportation Safety Act] (88 Stat. 2156)

1966 Federal Railroad Administration
Department of Transportation
Applicable statute:
Department of Transportation Act of 1966 (80 Stat. 932)

1969 Council on Environmental Quality
National Environmental Policy Act of 1969 (83 Stat. 852)

1970 Cost Accounting Standards Board
[Abolished in 1980]
Act of August 15, 1970 (84 Stat. 796), amending Defense Production Act of 1950 (64 Stat. 798), Title VII

1970 Environmental Protection Agency
Reorganization Plan No. 3 of 1970 and statutory authority of National Environmental Policy Act of 1969 (83 Stat. 852)

1970 National Credit Union Administration
National Credit Union Administration Act of 1970 (84 Stat. 49)

1970 National Highway Traffic Safety Administration
Department of Transportation
Highway Safety Act of 1970 (84 Stat. 1739)

1970 Occupational Safety and Health Administration
Department of Labor
Occupational Safety and Health Act of 1970 (84 Stat. 1590)

1971 Employment Standards Administration
Department of Labor
Many applicable statutes

1971 Occupational Safety and Health Review Commission
Occupational Safety and Health Act of 1970 (84 Stat. 1590)

1972 Bureau of Alcohol, Tobacco and Firearms
Department of the Treasury
Many applicable statutes

Abolition proposed for 1982, with transfer of functions to:

1982 Customs Service
[Established 1927]

1982 Secret Service
[Established 1865]

1972 Consumer Product Safety Commission
Consumer Product Safety Act of 1972 (86 Stat. 1207)

1972 Domestic and International Business Administration
Department of Commerce
[Became International Trade Administration in 1980]
First applicable statute:
Export Control Act of 1949 (63 Stat. 7)

1973 Drug Enforcement Administration
Department of Justice
Reorganization Plan No. 2 of 1973
Comprehensive Drug Abuse Prevention and Control Act of 1970 (84 Stat. 1236)

1973 Federal Energy Administration
[Became Economic Regulatory Administration in 1977, *Department of Energy*]
Applicable statute:
Federal Energy Administration Act of 1973 (88 Stat. 96)
Proposed abolition of the Department in 1982, with transfer of remaining functions to:
1982 *Department of Justice*
1982 *Department of Commerce*

1973 Mining Enforcement and Safety Administration
Department of Interior
[Became Mine Safety and Health Administration in 1977, *Department of Labor*]
Secretary of Interior's Order No. 2953 of 1973
Federal Mine Safety and Health Amendments Act of 1977 (91 Stat. 1290)

1974 Council on Wage and Price Stability
[Abolished in 1981]
Council on Wage and Price Stability Act of 1974 (88 Stat. 750)

1975 Federal Election Commission
[Reconstituted in 1976]
Federal Election Campaign Act Amendments of 1974 (88 Stat. 1280), as amended in 1976

1975 Materials Transportation Bureau
Department of Transportation
Many applicable statutes

1976 Federal Grain Inspection Service
Department of Agriculture
U.S. Grain Standards Act of 1976 (90 Stat. 2867), amending Grain Standards Act of 1916 (39 Stat. 454)

1977 Office of Neighborhoods, Voluntary Associations and Consumer Protection
Department of Housing and Urban Development
[Abolished in 1981 and functions transferred to Office of Assistant Secretary of HUD]
Many applicable statutes

1977 Office of Surface Mining Reclamation and Enforcement
Department of the Interior
Surface Mining Control and Reclamation Act of 1977 (91 Stat. 445)

1979 Office of the Federal Inspector of the Alaska Natural Gas Transportation System
Reorganization Plan No. 1 of 1979
Executive Order No. 12142

1982 Packers and Stockyards Administration
Department of Agriculture
[Previously existed from 1967 to 1978]
First applicable statute:
Packers and Stockyards Act of 1921 (42 Stat. 159)

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